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State of Utah
DEPARTMENT OF COMMERCE
Office of Consumer Services

MICHELE BECK
Director

To: Public Service Commission

From: Office of Consumer Services
Michele Beck, Director
Cheryl Murray, Utility Analyst

Date: August 5, 2014

Subject: **In the Matter of:** Rocky Mountain Power's Proposed Revisions to Electric Service Schedule No. 117, Residential Refrigerator Recycling Program. Docket 14-035-T09

Background

On July 18, 2014 Rocky Mountain Power Company (Company) filed with the Public Service Commission (Commission) proposed revisions to Schedule No. 117, Residential Refrigerator Recycling Program (Application). The Commission subsequently issued a Notice of Filing and Comment Period with initial comments on the Application due on or before August 5, 2014. In response to that Notice the Office of Consumer Services (Office) provides the following comments and recommendations

Discussion

Prior to filing the Application with the Commission the Demand Side Management (DSM) Steering Committee was afforded the opportunity to review a preliminary proposed application. Following our review the Office submitted written questions and the Company arranged a conference call to provide responses. The discussion was helpful in clarifying our questions and the Company stated its intent to modify the application prior to filing as a result of the discussion.

The Company proposes to expand the Program by allowing participation of all service schedules listed on Schedule 193 and by participating retailers.

Proposed expanded participation for Schedule 193 customers

While keeping the requirement that recycled refrigerators and freezers must fall within specified size parameters the Company proposes to expand the Residential Refrigerator Recycling Program to allow participation by all retail tariff customers listed on Electric Service Schedule No. 193, Demand Side Management Cost Adjustment, which includes commercial and industrial customers with qualifying units. Additionally, the Company proposes to clarify that parties who may not be listed on the account such as property owners, landlords, property management companies and homeowner associations (third party entities) that are responsible for the property are allowed to participate in the program¹.

Qualifying equipment is identified as working residential refrigerators and freezers that are a minimum of 10 cubic feet and a maximum of 32 cubic feet in size, utilizing inside measurements. The addition of the maximum size is important due to the expansion of the Program to facilities other than residential residences.

For ease of administration and marketing the current \$30.00 recycling incentive would be applicable to any of these participants.

Office response: The Office concurs that expanding the Program to new classes of customers who may be using typical residential sized appliances in break rooms, kitchens, etc. is appropriate so long as the size of the appliances remains limited. A new cost benefit analysis would be required if the Company were to consider increasing the size of acceptable appliances to more commercial or industrial sized units. The Office also agrees that it is appropriate to use the same incentive amount for similarly sized appliances.

Allowed Number of Recycled Appliances and Incentive Amount

The Company proposes adding language to the tariff to clarify that the limit of two appliances per qualifying customer is “per year”. Currently the tariff language simply imposes a limit of two qualifying appliances per customer. The proposed language reads:

“Residential, commercial and industrial customers will receive an incentive of \$30 for each eligible refrigerator and/or freezer. Incentives will be available on a maximum of two appliances per qualifying customer per year.”

¹ The change is also meant to clarify the number of appliances allowed to be recycled by these entities.

Office response: The Office concurs with the addition of the “two per year” language as it relates to customers of the utility who are also the owners of the appliances. However, the Office does not believe that the proposed language adequately describes the intended participation of “third party entities”. The tariff identifies “property owners, landlords, property management companies or homeowner associations as third party entities responsible for the project but not listed as the primary account holder...”

The Office was concerned that the proposed language as written did not properly address the third party entities ability to recycle two appliances per unit per year and to receive incentive payments for those appliances. While the “Applicable” section includes the third party entity description the “Provisions of Service” section does not include any reference to third party entities.

The Office has been working with the Company to rectify the language inconsistency and was provided the following language for the Provisions of Service section which we recommend be substituted in First Revision of Sheet No. 117.2 as shown in red – lined text:

1. Residential, commercial, and industrial customers will receive an incentive of \$30 for each eligible refrigerator and/or freezer. Incentives will be available on a maximum of two qualifying appliances per qualifying participant per year. Qualifying third party entities or Pparticipants on a single account² but with multiple residential dwellings such as an apartment complex, are eligible for incentives on a maximum of ~~are allowed to recycle~~ two qualifying appliances per dwelling unit per year. The Company may offer a packet with written energy efficiency information and instant savings measures.
2. Participating retailers will receive an incentive of up to \$20 for each eligible refrigerator and/or freezer. Retailers are required to sign and abide by the terms of participation agreements.

The Office agrees that allowing third party entities to recycle appliances based on the individual dwelling units is appropriate for cases where the occupant is not the owner of the dwelling unit or the appliances. Based on discussions with the Company the Office understands that the unit where appliances are recycled will be tied to a Company account holder.

² Master metered.

Energy Saving Packet

Under the current program each participant receives an energy-saving packet consisting of two CFLs, a refrigerator thermometer card, energy-savings educational materials, and information on other efficiency programs relevant to residential customers. The Company proposes to change the current language in the tariff from the Company *will offer* to the Company *may offer* a packet with written energy efficiency information and instant savings measures.

Office response: The Office supports the language change in light of the expansion of qualifying participants. The Company expresses its concern regarding providing energy saving packets to the newly incorporated category of business customers but the Office suggests that situations of third party entities and master metered recycling should also be more thoughtfully considered. The Office asserts that the Company should not provide energy savings packets with CFLs to third party entities or master metered accounts. In the best of circumstances it is difficult to know if the CFLs in the packet are installed by home owners but in the case of third party entities or master metered accounts it is also unknown if the packets are provided to the actual occupants of the dwelling units. In view of new lighting standards and the availability of CFLs the Office continues to question the advisability of providing free CFLs in demand side management programs. The Office maintains that the Company should continue to review the contents of the energy-saving packet to ensure that the items, such as CFLs, and information are updated and relevant to changed circumstances. Additionally, if the Company does provide energy saving packets to third party entities and master metered accounts the Office recommends that the Company track and report on the number of packets provided to each category of participants in the Program.

Participating Retailers

While the previously discussed “expansion” of the Program was very much in keeping with the current Program the Company also proposes to expand collection of qualifying residential refrigerators and freezers to retailers. The expansion is classified as “secondary market intervention” (SMI) and the intent is to remove less efficient refrigerators and freezers from the second hand market place. The Company’s plan is to enter into agreements with retailers to provide an incentive of “up to \$20 per unit”. The “up to” language will allow the Company to potentially negotiate for a lower per unit price as a trade off for the retailer convenience of having these units removed and recycled. JACO Environmental, the Program implementation

contractor would only be paid for working units and those would be the only savings reported by the Company. No energy savings kits would be provided.

Office Response: The Office understands the Company's reasoning behind adding the provision to the tariff although we have some concern since it will be impossible to identify if the recycled appliance actually belonged to a Rocky Mountain Power customer. The Company states it intends to use the same methodology as is used for determining participating retailers in other upstream incentive programs to identify retailers with a likelihood of serving customers from the Company's service territory. Because the sizing and working equipment requirements will be maintained the Office does not oppose the inclusion of this provision, however we believe that the Company should notify the Steering Committee when agreements are reached with the participating retailers and provide updates on how this part of the Program is performing perhaps at six month intervals.

Recommendations

The Office recommends that the Commission approve the proposed tariff changes with the **Provisions of Service** modified language as provided to the Office by the Company as follows:

1. Residential, commercial, and industrial customers will receive an incentive of \$30 for each eligible refrigerator and/or freezer. Incentives will be available on a maximum of two qualifying appliances per qualifying participant per year. Qualifying third party entities or participants on a single account but with multiple residential dwellings such as an apartment complex, are eligible for incentives on a maximum of two qualifying appliances per dwelling unit per year. The Company may offer a packet with written energy efficiency information and instant savings measures.
2. Participating retailers will receive an incentive of up to \$20 for each eligible refrigerator and/or freezer. Retailers are required to sign and abide by the terms of participation agreements.

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